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PSM/RMP AUDIT COMPLIANCE REPORT	
Company	Shell Oil Products US
Location	Puget Sound WA
Audit Dates	6 – 10 JUN 2011
Lead Auditor	Flack, Danny C SEPCO-UAS/S/A
Associate Auditor(s)	Mueller, Tina R SDPR-DMG/122
	McNally, Michael A SCC-DMG/335
	McCaslin, Bradd D MOTIVA-DMM/756
Observer	Dupre, Daniel J SEPCO-UAS/S/A
Audit No:	2011-11
Date of Report:	28 JUL 2011

The companies in which Royal Dutch Shell plc directly and indirectly owns investments are separate entities. In this report the expressions "Shell", "Group" and "Shell Group" are sometimes used for convenience where references are made to Group companies in general. Likewise, the words "we", "us" and "our" are also used to refer to Group companies in general or those who work for them. These expressions are also used where there is no purpose in identifying specific companies.

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Auditee

The Auditee was Susan Krienen, General Manager.

Audit Process

The audit team visited the SOPUS Puget Sound Refinery including the areas of operation and associated maintenance shops. Interviews were conducted with personnel from various levels of the organization and a review was made of the PSM-related procedures, records and systems. The proposed findings were discussed at a closing meeting that was held on 10 JUN 2011.

The audit team followed the process described in the Process Safety Management Compliance Audit Terms of Reference and was carried out against the following:

- Compliance to Regulations and Standards:
 - Risk Management Program (RMP)
40 CFR Part 68, Chapter I, Subchapter C; Accidental Release Prevention
Requirements: Risk Management Program Requirements Under Clean Air Act
Section 112(r)
 - Process Safety Management (PSM)
Washington State OSHA PSM [WAC 296-67]
- Business Unit/Facility specific standards and procedures related to the PSM and/or RMP regulations.

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Findings Summary

The following chart represents a summary of the findings.

ELEMENT	PSM WAC 296-67-	RMP 40 CFR 68	NUMBER OF FINDINGS
Employee Participation	009	.83	0 ¹
Process Safety Information	013	.65	0
Process Hazard Analysis	017	.67	0
Operating Procedures	021	.69	0
Training	025	.71	0
Contractor Safety	029	.87	0
Pre-Start Up Review	033	.77	0
Mechanical Integrity	037	.73	1
Hot Work Permits	041	.85	1
Management Of Change	045	.75	0
Incident Investigation	049	.81	1
Emergency Plans	053	.90 & .95	0
Audits	057	.79	0
Trade Secrets	061	N/A	0

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¹ During an audit interview, the interviewee raised a concern related to employee participation during the benzene reduction project MOCs. The Lead Auditor determined that this concern was the subject of an ongoing regulatory agency inquiry sent to SOPUS Puget Sound Refinery from the Washington Department of Occupational Safety and Health (DOSH). The DOSH inquiry to SOPUS Puget Sound Refinery was received prior to the start of the audit (but after the Audit Terms of Reference had been finalized). Because this concern is the subject of a pending regulatory agency inquiry it is out of scope due to the pending DOSH review. The Auditee is responsible for resolution of the pending DOSH inquiries. The Audit Team determined that the Puget Sound Refinery has implemented a written Employee Participation Program.

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Detailed Findings

Finding Number	PSM Section	Section Title
01	037	Mechanical Integrity
Finding	<p>A description of the inspection or test performed was not noted on some equipment inspection and testing records:</p> <ul style="list-style-type: none">• In one instance, the record of the test did not indicate what test standard was used. (equipment record checked 03PIS10)• In one instance, the record of the test indicated the calibration standard used, however, it was different than the calibration standard listed in the test document. (The test record did not indicate why a different calibration standard was used).	
Reference	<p><u>WAC 296-67-037(4)(d) and 40 CFR 68.73(d)(4)</u></p> <p>The employer shall document each inspection and test that has been performed on process equipment. The documentation shall identify the date of the inspection or test, the name of the person who performed the inspection or test, the serial number or other identifier of the equipment on which the inspection or test was performed, a description of the inspection or test performed, and the results of the inspection or test.</p>	

Finding Number	PSM Section	Section Title
02	041	Hot Work Permits
Finding	<p>The Hot Work Permit form did not contain a space to note that the requirement to relocate or otherwise protect combustible materials that were within 35 feet of the hot work activity, was satisfied, if applicable.</p>	
Reference	<p><u>WAC 296-67-041 Hot work permit.</u></p> <p>(1) The employer shall issue a hot work permit for hot work operations conducted on or near a covered process.</p> <p>(2) The permit shall document that the fire prevention and protection requirements in WAC 296-24-695 have been implemented prior to beginning the hot work operations; it shall indicate the date(s) authorized for hot work; and identify the object on which hot work is to be performed.</p> <p>(3) The permit shall be kept on file until completion of the hot work operations.</p> <p><u>WAC 296-24-695 Fire prevention and protection, and 40 CFR 68.85(b)</u></p> <p><u>WAC 296-24-69501 Basic precautions.</u></p> <p>For elaboration of these basic precautions and of the special precautions of</p>	

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	<p>WAC 296-24-69503 as well as a delineation of the fire protection and prevention responsibilities of welders and cutters, their supervisors (including outside contractors) and those in management on whose property cutting and welding is to be performed, see, Standard for Fire Prevention in Use of Cutting and Welding Processes, NFPA Standard 51B, 1962. The basic precautions for fire prevention in welding or cutting work are:</p> <p>(1) Fire hazards. If the object to be welded or cut cannot readily be moved, all movable fire hazards in the vicinity shall be taken to a safe place.</p> <p>(2) Guards. If the object to be welded or cut cannot be moved and if all the fire hazards cannot be removed, then guards shall be used to confine the heat, sparks, and slag, and to protect the immovable fire hazards.</p> <p>(3) Restrictions. If the requirements stated in WAC 296-24-69501 (1) and (2) cannot be followed then welding and cutting shall not be performed.</p> <p><u>WAC 296-24-69503 Special precautions.</u></p> <p>When the nature of the work to be performed falls within the scope of WAC 296-24-69501(2) certain additional precautions may be necessary:</p> <p>(7) Relocation of combustibles. Where practicable, all combustibles shall be relocated at least 35 feet from the work site. Where relocation is impracticable, combustibles shall be protected with flame proofed covers or otherwise shielded with metal or asbestos guards or curtains. Edges of covers at the floor should be tight to prevent sparks from going under them. This precaution is also important at overlaps where several covers are used to protect a large pile.</p>
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Finding Number	PSM Section	Section Title
03	049	Incident Investigations
Finding	<p>The report for the investigation of the "H2 in Tank 25" incident, which occurred on 28 MAR 2009, indicated the date the incident investigation team formally met (31 MAR 2009) as the date the incident investigation began. During the audit, documentation that showed the investigation was initiated shortly after the incident was discovered was not available.</p> <p>AUDITOR'S NOTE: During the report review period, it was determined that the date in the report was a typographical error. The Investigation Register had the correct date of 3/30/2009. The investigation report has been corrected. No further action is necessary for the Auditee.</p>	
Reference	<p><u>WAC 296-67-049(2) and 40 CFR 68.81(b)</u></p> <p>An incident investigation shall be initiated as promptly as possible, but not later than 48 hours following the incident.</p>	